

Albano, Emily

From: Arndt, Jeremy [DNR] <Jeremy.Arndt@dnr.iowa.gov>
Sent: Wednesday, February 12, 2014 10:17 AM
To: Peter, David
Subject: RE: CAM Applicability Determination Assistance

David,

Thank you again for taking your time to review the information and getting your detailed response to us. We really do appreciate the information and it will help us move forward in our discussions with the company.

Weston and I started digging into the letters that you have referenced in your email to get a little more background into the situation, and we have been unable to uncover those specific letters. Do you have electronic versions of these documents that you would be willing to forward to us? These would be helpful in our effort to move this all along.

JEREMY ARNDT Environmental Specialist



Iowa Department of Natural Resources

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From: Peter, David [mailto:peter.david@epa.gov]
Sent: Thursday, January 30, 2014 6:47 AM
To: Arndt, Jeremy [DNR]
Cc: Hanson, Lori [DNR]; Seda, Ann [DNR]; Knodel, Jon
Subject: RE: CAM Applicability Determination Assistance

Jeremy,

I have had a chance to review the issue that you raised in the email below. Based on the information that was provided to EPA, there doesn't appear to be sufficient evidence to concur with the facility's position that the equipment in question is inherent process equipment.

Background

EPA has issued several documents¹ that describe whether certain equipment is control equipment or part of the process. Although these documents primarily address PSD applicability, the concepts in the documents can be considered for "inherent process equipment" determinations related to CAM applicability. These documents generally list three criteria to consider:

- Criteria #1 – Is the primary purpose of the equipment to control air pollution?
- Criteria #2 – Where the equipment is recovering product, how do the cost savings from the product recovery compare to the cost of the equipment?
- Criteria #3 – Would the equipment be installed if no air quality regulations are in place?

It appears that AGP's primary argument is that the equipment is collecting product and is therefore inherent. Merely collecting product is not proof that the equipment is inherent. In the August 18, 1978 letter from Walter Barber of USEPA to Theodore Garrett of Covington Burling, EPA essentially stated that the incidental collection of some material that has value is not an indication that the equipment is inherent. The equipment must be vital to the normal production of the facility, and, as described in the definition of "inherent process equipment" in the CAM regulations, must be its primary purpose.

I agree with IDNR's assertion that, in general, end of pipe controls that capture airflow and not the bulk of the product being processed would not be considered inherent. With that being said, EPA has stated that the value of the material can be compared to the cost of the equipment in determining whether the equipment is control equipment or inherent process equipment. It appears that AGP attempted to conduct this evaluation. I do not agree, however, with some of AGP's assumptions. First, the calculation must be based on actual or expected material collection, not potential material collection as business decisions would be based on actual costs and values. Second, the evaluation must include annual operating costs, not just initial equipment costs. In addition, the facility must provide all documentation that supports the assumptions in these evaluations [i.e., amount of material collected, the costs (both initial and annual) of the equipment, the value of the material, etc.].

Along with the above cost/value evaluation, you could also consider having the company provide its "rate of return" engineering analysis used to justify the purchase and installation of the in-line controls, since the company has claimed that the equipment was installed for economic reasons.

One question that the IDNR should ask the facility, if you have not already, is – did any of the production operations ever operate without the equipment in question? If the answer is yes, this would be a very strong indication that the equipment is not inherent.

AGP's argument that the Missouri Department of Natural Resources designated certain equipment as inherent and therefore IDNR's decision is not consistent with other state determinations, is not supported by the portion of the permit record that AGP submitted. MDNR's decision that CAM didn't apply to certain emission units was based on the pre-control PTE and not that the equipment was inherent. In addition, these decisions are case-specific. Even if equipment at one facility qualified as inherent, it doesn't mean that similar equipment at another plant would automatically be deemed inherent.

¹ *(August 18, 1978 letter from Walter Barber of USEPA/OAQPS to Theodore Garrett of Covington Burling; June 6, 1979 memo from Edward Reich of USEPA to P.W. Giaccone of USEPA Region 2; February 19, 1997 Environmental Appeals Board Decision re: Commonwealth Chesapeake Corporation; June 19, 1978 PSD Final Rulemaking; November 27, 1995 letter from David Solomon USEPA to Timothy Mohin of Intel Government Affairs; October 2, 1997 EPA Response to Comments re: the CAM Rulemaking; and July 10, 2002 letter from William Harnett of USEPA to Edward Herbert of National Ready Mixed Concrete Association)*

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From: Arndt, Jeremy [DNR] [<mailto:Jeremy.Arndt@dnr.iowa.gov>]
Sent: Monday, December 09, 2013 10:38 AM
To: Peter, David
Cc: Hanson, Lori [DNR]; Seda, Ann [DNR]
Subject: RE: CAM Applicability Determination Assistance

Sorry I forgot the attachments. Here they are.

From: Arndt, Jeremy [DNR]
Sent: Monday, December 09, 2013 10:23 AM
To: David Peter (Peter.David@epamail.epa.gov)
Cc: Hanson, Lori [DNR]; Seda, Ann [DNR]
Subject: CAM Applicability Determination Assistance

David,

As you know, we are in process of resolving Title V permit appeals from two Ag Processing Inc. facilities located in Iowa. The appeals question the applicability of CAM to baghouses and cyclones located at these facilities. Ag Processing argues that because the baghouses and cyclones associated with the processes recover product that is reintroduced back into the process, that these baghouses and cyclones are considered to be "inherent process equipment" and, therefore, are not subject to CAM.

Based on the information that Ag Processing has provided to support their determination, IDNR has determined that this equipment is "control equipment" and is, therefore, subject to CAM requirements.

I have attached the correspondence associated with these appeals. Based on the provided information, does Region 7 agree with IDNR's determination that the baghouses and cyclones at these Ag Processing facilities are "control equipment" rather than "inherent process equipment"?

JEREMY ARNDT Environmental Specialist



Iowa Department of Natural Resources

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